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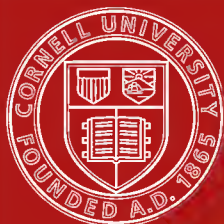
CLASSIFICATION
OF
OPERATING EXPENSES
OF
CARRIERS BY WATER

AS PRESCRIBED BY THE
INTERSTATE COMMERCE COMMISSION
IN ACCORDANCE WITH SECTION 20 OF THE
ACT TO REGULATE COMMERCE

FIRST ISSUE

Effective on January 1, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE
1910



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THE INTERSTATE COMMERCE COMMISSION.

MARTIN A. KNAPP, *of New York.*

JUDSON C. CLEMENTS, *of Georgia.*

CHARLES A. PROUTY, *of Vermont.*

FRANCIS M. COCKRELL, *of Missouri.*

FRANKLIN K. LANE, *of California.*

EDGAR E. CLARK, *of Iowa.*

JAMES S. HARLAN, *of Illinois.*

EDWARD A. MOSELEY, *Secretary.*

At a General Session of the INTERSTATE COMMERCE COMMISSION, held at its office in Washington, D. C., on the 31st day of May, 1910.

Present:

MARTIN A. KNAPP,	} Commissioners.
JUDSON C. CLEMENTS,	
CHARLES A. PROUTY,	
FRANCIS M. COCKRELL,	
FRANKLIN K. LANE,	
EDGAR E. CLARK,	
JAMES S. HARLAN,	

The subject of a Uniform System of Accounts to be prescribed for and kept by carriers being under consideration, the following order was entered:

It is ordered, That the Classification of Operating Expenses of Carriers by Water with the text pertaining thereto, prepared under the direction of this Commission by Henry C. Adams, in charge of Statistics and Accounts, and embodied in printed form to be hereafter known as First Issue, a copy of which is now before this Commission, be, and the same is hereby, approved; that a copy thereof duly authenticated by the Secretary of the Commission be filed in its archives, and a second copy thereof, in like manner authenticated, in the office of the Bureau of Statistics and Accounts; and that each of said copies so authenticated and filed shall be deemed an original record thereof.

It is further ordered, That the said Classification of Operating Expenses of Carriers by Water with the text per-

taining thereto, be, and is hereby, prescribed for the use of carriers by water subject to the provisions of the act to regulate commerce as amended June 29, 1906, in the keeping and recording of their operating expense accounts; that each and every such carrier and each and every receiver or operating trustee of any such carrier be required to keep all operating expense accounts in conformity therewith; and that a copy of the said First Issue be sent to each and every such carrier and to each and every receiver or operating trustee of any such carrier.

It is further ordered, That the rules contained in the said First Issue of the Classification of Operating Expenses of Carriers by Water are, and by virtue of this order do become, the lawful rules according to which the said operating expenses are defined; that each and every person directly in charge of the accounts of any such carrier or of any receiver or operating trustee of any such carrier is hereby required to see to, and under the law is responsible for, the correct application of the said rules in the keeping and recording of the operating expense accounts of any such carrier; and that it shall be unlawful for any such carrier or for any receiver or operating trustee of any such carrier or for any person directly in charge of the accounts of any such carrier or of any receiver or operating trustee of any such carrier to keep any account or record or memorandum of any operating expense item except in the manner and form in the said First Issue set forth and hereby prescribed, and except as hereinafter authorized.

It is further ordered, That any such carrier or any receiver or operating trustee of any such carrier may subdivide any primary account in the said First Issue established as may be required for the purposes of any such carrier or of any receiver or operating trustee of any such carrier; or may make assignment of the amount charged to any such primary account to operating divisions, to its individual lines, or to States: *Provided, however,* That a list of such subprimary accounts set up or such assign-

ments made by any such carrier or by any receiver or operating trustee of any such carrier be first filed in the office of the Bureau of Statistics and Accounts of this Commission subject to disapproval by the Commission.

It is further ordered, That in order that the basis of comparison with previous years be not destroyed, any such carrier or any receiver or operating trustee of any such carrier may, during the twelve months from the time that the said First Issue becomes effective, keep and maintain, in addition to the operating expense accounts hereby prescribed, such portion or portions of its present accounts with respect to operating expense items as may be deemed desirable by any such carrier, or by any receiver or operating trustee thereof, for the purpose of such comparison; or, during the same period, may maintain such groupings of the primary accounts hereby prescribed as may be desired for that purpose.

It is further ordered, That any such carrier or any receiver or operating trustee of any such carrier may, in addition to the operating expense accounts hereby prescribed, keep any temporary or experimental accounts the purpose of which is to develop the efficiency of operations: *Provided, however,* That such temporary or experimental accounts shall not impair the integrity of any general or primary account hereby prescribed; and that any such temporary or experimental accounts shall be open to inspection by the Commission.

It is further ordered, That January 1, 1911, be, and is hereby, fixed as the date on which the said First Issue shall become effective.

A true copy:

EDW. A. MOSELEY,
Secretary.

INTRODUCTORY LETTER.

INTERSTATE COMMERCE COMMISSION,
BUREAU OF STATISTICS AND ACCOUNTS,
Washington, June 1, 1910.

TO CARRIERS CONCERNED:

This Classification of Operating Expenses, with the text pertaining thereto, is issued in accordance with an order of the Interstate Commerce Commission, a copy of which will be found immediately preceding this letter.

In formulating this classification, it has been the endeavor of the Bureau of Statistics and Accounts to enlist the cooperation of the various associations representing the carriers by water throughout the United States. With the exception of the American Steamship Association, the assistance received has been rendered by the representatives of individual carriers rather than by the associations of which these carriers are members. All suggestions and criticisms, from whatever source received, have been carefully considered.

Special attention is directed to three points respecting which considerable diversity of opinion has been expressed:

First. Charter of vessels.

It will be noted that a general account has been provided for the expenses of charter of vessels and that for classification of the payments according to the various conditions of charters, this account has been subdivided into the following primary accounts:

Charters Involving Rent Exclusively,
Charters Involving Rent and Maintenance,
Charters Involving Rent, Maintenance, and Operation.

Provision is made for a corresponding treatment of revenues from charters in the Classification of Operating Revenues.

Second. Rental charges.

According to the principle which underlies the accounting rules promulgated by the Commission, a rental charge is not an operating expense charge, but a charge against Income. It represents a payment for the use of property not embraced in the capital account, and it should be treated similarly to interest and dividends as a charge against Income. All rents, except the rental portion in the charters of vessels, and rents for minor offices, such as ticket agencies and the like, have therefore been excluded from this classification.

Third. Depreciation.

An account has been provided for depreciation; and also for renewals of vessels, tugs, lighters, barges, etc., which in this classification are designated as "Equipment." The depreciation account is intended to provide for the current depreciation on equipment, and there should be a monthly charge to operating expenses, with a credit to the corresponding reserve account, which will represent at all times the expired value of equipment in service.

In recognition of the fact that the probable life of the machinery of a vessel varies from that of the hull, permission is given to charge to the reserve for accrued depreciation (to the extent of the accruals therein with respect to the particular integral parts of machinery, fixtures, etc.) the cost of such renewals of important integral parts of the machinery, fixtures, etc., as tend to prolong the life of the vessel as a whole. Under no circumstances should this permission be construed as allowing the cost of running repairs or the renewal of minor parts to be charged to the reserve account.

When equipment is retired from service and not replaced and the proper charge to depreciation has not been made during its life, the cost (estimated if not

known) of the equipment, less salvage and any depreciation charged with respect thereto to the date of retirement, should be charged to Profit and Loss.

A carrier may, if so authorized upon application to the Interstate Commerce Commission, set up depreciation accounts under the general account, "Maintenance of Terminals," to which may be charged, during a series of years, such amounts as will provide for the ultimate retirement or abandonment of buildings and other structures described in the primary accounts under the general account named. If such depreciation accounts are provided, the amounts charged to them should be credited to reserves and the cost of property abandoned and not replaced, should be charged to these reserves, to the extent of the accruals therein with respect to the property abandoned.

This classification is drawn to meet the needs of small as well as large carriers by water. For the purpose of this Classification of Operating Expenses, carriers having annual operating revenues of \$500,000 or less will be considered as small carriers and may confine their operating expense accounts to the following eight accounts:

I-A. Maintenance of Equipment.

I-B. Maintenance of Terminals.

II. Traffic Expenses.

III-A. Operation of Vessels.

III-B. Operation of Terminals.

III-C. Incidental Transportation Expenses.

IV. General Expenses.

V. Charter Expenses.

If a small carrier elects to confine its operating expense accounts to the foregoing, the text descriptive of the primary accounts respectively embraced in them should be followed.

Attention is called to the fact that taxes are not included in operating expenses and that they should be deducted from "Total Net Revenue" in the Income Account.

Accounting officers are requested to correspond with the Bureau of Statistics and Accounts should question arise with regard to the correct interpretation of any account, since otherwise it will not be practicable to secure uniformity in the interpretation of the accounting rules herein prescribed.

HENRY C. ADAMS,
In charge of Statistics and Accounts.

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GENERAL INSTRUCTIONS.

1. **RESERVES FOR DEPRECIATION.**—The amounts charged each month to operating expenses, representing depreciation of property, should be credited to "Reserve for Accrued Depreciation" accounts. When property is abandoned or retired from service, these accounts should be charged with amounts equal to those previously credited thereto with respect to the property abandoned or retired. When integral parts of machinery, fixtures, etc., of equipment are renewed, in such manner as will tend to prolong the life of the equipment as a whole, the cost of such renewals may also be charged to these reserves to the extent of the amounts previously credited thereto with respect to such particular integral parts. All other costs of renewals of parts should be charged to repairs.

2. **REPLACEMENTS.**—When any vessel, tug, lighter, or other unit of property is abandoned or retired from service and replaced, the substitute having substantially the same capacity and expectation of life in service as the abandoned property when in its best condition, the "Reserve for Accrued Depreciation" account should be debited with a proportion of the cost of the substitute equal to the amount previously credited thereto with respect to the property replaced, and the appropriate maintenance account should be debited with the balance of such cost, credit being given to the maintenance account for net salvage from property withdrawn or retired.

• When any property is abandoned or retired from service and replaced with property of like purpose but of greater capacity or improved type, the excess cost of the

substitute over the cost of replacing in kind the property retired should be charged to the proper Investment account.

3. **ABANDONMENTS.**—When any property is abandoned or retired from service and not replaced, the cost (estimated, if not known) should be credited to the Investment account; the reserve for accrued depreciation should be debited with an amount equal to the amounts previously credited thereto with respect to the property abandoned or retired; proper account should be taken of the expenses incident to the retirement of the property and of the salvage; and any adjustment necessary should then be made in Profit and Loss.

4. **RETIRED EQUIPMENT HELD FOR DISPOSITION.**—Equipment permanently retired from service, but held pending disposition, should be written out of service and carried in an appropriate material account at salvage value, estimated, if not known.

5. **DISTRIBUTION OF CHARGES FOR REPLACEMENT OF ABANDONED PROPERTY.**—In case the amount chargeable to Operating Expenses for replacement of property abandoned is relatively large, and its inclusion in a carrier's operating expenses for a single year would unduly burden those accounts for that year, a carrier may, if so authorized upon application to the Interstate Commerce Commission, charge so much of the cost as may be authorized to an account designated "Property Abandoned, Chargeable to Operating Expenses." The amount so charged should thereafter be apportioned to the operating expenses of succeeding years, the number of which will be determined when permission to use the account is given.

6. **DEFINITION OF "COST OF REPLACING IN KIND."**—The term "Cost of replacing in kind," as here used, is to be understood as the cost, at the current prices of labor and material, of renewing property by the construction or installation of other property substantially similar in capacity, service, and accessories, and having a physical

condition and an expectation of life in service equal to that of the replaced property when acquired, or, if improved after acquirement, when in its best condition. An estimate based upon the current prices of material identical with that of which the thing abandoned was constructed should not be construed as being required, particularly when such material is no longer obtainable except at prohibitive prices and would not be used if a renewal of the property without betterment were undertaken.

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TEXT OF CLASSIFICATION OF OPERATING EXPENSES OF CARRIERS BY WATER.

I. MAINTENANCE.

A. MAINTENANCE OF EQUIPMENT.

WE 1. SUPERINTENDENCE.

This account should include:

PAY OF OFFICERS.—The pay of vice-presidents and other officers directly in charge of or engaged in the maintenance of equipment.

PAY OF CLERKS AND ATTENDANTS.—The pay of clerks, draftsmen, and attendants in offices of officers whose pay is charged to this account.

OFFICE AND OTHER EXPENSES.—The rent of offices, the cost of telephone and telegraph service; postage, heat, light, power, water, ice, furniture, and other supplies for, and the care of, offices of officers whose pay is charged to this account; incidental office and traveling expenses of such officers and their clerks; cost of provisions for, and expenses of, special boats, when used by them; premiums on fidelity bonds of such officers and their employees, when assumed by the company; expenses of photographing vessels, except for advertising purposes; the cost of drafting and engineering instruments and expenses of repairing them, and the cost of supplies (except stationery and printing) used by officers and employees whose pay is charged to this account.

NOTE A.—When officers above enumerated have supervision over other departments also, their pay and expenses and the pay and expenses of their clerks and attendants should be apportioned equitably among the departments over which they have supervision.

NOTE B.—When employees enumerated above are engaged in work not chargeable to Maintenance of Equipment, their pay and expenses should be charged to the specific work on which they are engaged.

NOTE C.—The rents included in the "Superintendence" accounts are those of offices of minor importance, which are usually rented for a year or less. The rent of general offices and structures of major importance, which, when not owned by carriers, are ordinarily leased for a period of years, should be included in the Income Account.

WE 2. VESSELS—REPAIRS.

This account should include the cost of all material used (less salvage) and labor expended in repairs to vessels and to their furniture, fixtures, etc. When practicable this account should be subdivided as follows:

- (a) Repairs to Hulls.
- (b) Repairs to Machinery.
- (c) Repairs to Furniture, Fixtures, etc.

NOTE A.—The cost of repairs resulting from casualties should be charged to casualty accounts when covered by insurance and to insurance reserves, to the extent of accruals therein, when such reserves have been provided for damage to such property. Any part of such cost not recoverable from underwriters or chargeable to insurance reserves should be charged to repair accounts.

NOTE B.—This account may include for each month a proportion of the total amount authorized or approximated for general and extraordinary repairs, necessary adjustments to be made to include in each year's accounts the actual expenditures for maintenance in that year.

NOTE C.—The cost of replacing minor parts of machinery, fixtures, etc., should be charged to this account. In the General Instructions are contained directions relative to charging depreciation reserves with the cost of certain renewals of important parts of machinery, fixtures, etc.

WE 3. VESSELS—RENEWALS.

This account should include the cost of replacing in kind vessels condemned, destroyed, or sold and replaced, less:

- (1) Amounts previously charged for depreciation up to the date of retirement.
- (2) The net scrap value of salvage or the net amount received from the sale of vessels retired.

Whenever practicable this account should be subdivided as follows:

- (a) Renewals of Hulls.
- (b) Renewals of Machinery.
- (c) Renewals of Furniture, Fixtures, etc.

WE 4. VESSELS—DEPRECIATION.

This account should include a monthly charge representing depreciation on vessels. This monthly charge should be computed at a certain rate per cent on the original cost (estimated, if not known), record value, or purchase price of vessels to provide a reserve which will represent their expired value or depreciation. The charges made should equal the amounts estimated to be necessary to cover obsolescence and inadequacy; such wear and tear as have accrued during the month and are not provided for by current repairs; and also to cover the cost of property destroyed by such casualties as are not provided for by insurance. Whenever practicable this account should be subdivided as follows:

- (a) Depreciation on Hulls.
- (b) Depreciation on Machinery.
- (c) Depreciation on Furniture, Fixtures, etc.

NOTE.—Until otherwise directed charges to this account should be based upon a rule determined to be equitable according to the carrier's experience and best sources of information as to the actual average of accruals of such expenses.

WE 5. TUGS AND LIGHTERS—REPAIRS.

This account should include the cost of material used (less salvage) and labor expended in repairs to tugs, lighters, and miscellaneous floating equipment, and repairs to their furniture, fixtures, etc. Whenever practicable this account should be subdivided as follows:

- (a) Repairs to Hulls.
- (b) Repairs to Machinery.
- (c) Repairs to Furniture, Fixtures, etc.

NOTE A.—The cost of repairs resulting from casualties should be charged to casualty accounts when covered by insurance and to insurance reserves, to the extent of accruals therein, when such reserves have been provided for damage to such property. Any part of such cost not recoverable from underwriters or chargeable to insurance reserves should be charged to repair accounts.

NOTE B.—This account may include for each month a proportion of the total amount authorized or approximated for general and extraordinary repairs, necessary adjustments to be made to include in each year's accounts the actual expenditures for maintenance in that year.

NOTE C.—The cost of replacing minor parts of machinery, fixtures, etc., should be charged to this account. In the General Instructions are contained directions relative to charging depreciation reserves with the cost of certain renewals of important parts of machinery, fixtures, etc.

WE 6. TUGS AND LIGHTERS—RENEWALS.

This account should include the cost of replacing in kind tugs, lighters, and miscellaneous floating equipment, condemned, destroyed, or sold, and replaced, less:

- (1) Amounts previously charged for depreciation up to the date of retirement;
- (2) The net scrap value of salvage or the net amount received from the sale of tugs, lighters, and other floating equipment retired.

Whenever practicable this account should be subdivided as follows:

- (a) Renewals of Hulls.
- (b) Renewals of Machinery.
- (c) Renewals of Furniture, Fixtures, etc.

WE 7. TUGS AND LIGHTERS—DEPRECIATION.

This account should include a monthly charge representing depreciation on tugs, lighters, and miscellaneous floating equipment. This monthly charge should be computed at a certain rate per cent on the original cost (estimated, if not known), record value, or purchase price of such equipment, to provide a reserve which will represent its expired value or depreciation. The charges made should equal the amounts estimated to be necessary to cover obsolescence and inadequacy; such wear and tear as have accrued during the month and are not provided for by current repairs; and also to cover the cost of property destroyed by such casualties as are not provided for by insurance. Whenever practicable this account should be subdivided as follows:

- (a) Depreciation on Hulls.
- (b) Depreciation on Machinery.
- (c) Depreciation on Furniture, Fixtures, etc.

NOTE.—Until otherwise directed charges to this account should be based upon a rule determined to be equitable according to the carrier's experience and best sources of information as to the actual average of accruals of such expenses.

WE 8. SHOP MACHINERY AND TOOLS.

This account should include:

SHOPS.—The cost of material used (less salvage) and labor expended in repairing and renewing tools and machinery in machine shops, carpenter shops, blacksmith shops, forges, paint shops, and all other shops.

NOTE A.—The cost of new tools and machinery (less salvage) used in shops described above, when purchased to replace others previously in use, should be charged to this account.

NOTE B.—The cost of repairing and renewing heating boilers should be charged to account WE 13, "Docks, Wharves, Buildings, and Fixtures."

POWER PLANTS.—The cost of material used (less salvage) and labor expended in repairing and renewing steam and water plant equipment, including boilers, engines and engine parts, appliances, and fixtures; piping and steam fitting, including valves, separators, water and sewer connections, and water meters. The cost of material used (less salvage) and labor expended in repairing and renewing electric equipment, including generators and generator parts, dynamos, switchboards, cables, feeder terminals, and wiring in connection therewith; storage batteries, transformers, boosters, rheostats, circuit breakers, meters, and other electric equipment.

NOTE.—This account may include for each month a proportion of the total amount authorized or approximated for general and extraordinary repairs, necessary adjustments to be made to include in each year's accounts the actual expenditures for maintenance in that year.

WE 9. INJURIES TO PERSONS.

This account should include all expenses (less any amount recovered through accident insurance) incident to injuries to persons occurring directly in connection with maintenance of equipment; a proportion of the pay and expenses of physicians and surgeons and of claim adjusters and their clerks; the expenses of nursing and hospital attendance; medical and surgical supplies; artificial limbs; funeral expenses; railway, boat, and carriage fares for conveying injured persons and attendants; donations or contributions to hospitals in which employees are cared for; the pay and expenses of employees and others while attending coroners' inquests, while engaged as witnesses in lawsuits in connection with personal injury cases, or when called in consultation in relation to the adjustment of claims coming under this head.

NOTE A.—Expenses not otherwise provided for in connection with the conduct of suits should be charged to account WE 51, "Law Expenses," but the amount of final judgments, including plaintiffs' court costs, should be charged to this account.

NOTE B.—If contributions are made to hospitals, the total thereof should be distributed among the "Injuries to Persons" accounts, as follows: 25 per cent to Maintenance of Equipment, 25 per cent to Maintenance of Terminals, and 50 per cent to Transportation Expenses.

NOTE C.—The pay and expenses of claim adjusters, clerks, and others that can not be actually allocated to particular cases should be apportioned equally to the expenses of the claims on which they are engaged.

WE 10. STATIONERY AND PRINTING.

This account should include the cost of stationery, stationery supplies, printing, books, and blank forms used in connection with maintenance of equipment.

NOTE.—The cost of dictionaries, periodicals, technical books, etc., should be charged to account WE 1, "Superintendence."

WE 11. OTHER MAINTENANCE OF EQUIPMENT EXPENSES.

This account should include all expenses incident to the maintenance of equipment not properly chargeable to other accounts under Maintenance of Equipment.

B. MAINTENANCE OF TERMINALS.**WE 12. SUPERINTENDENCE.**

This account should include:

PAY OF OFFICERS.—The pay of vice-presidents and other officers directly in charge of or engaged in the maintenance of terminals.

PAY OF CLERKS AND ATTENDANTS.—The pay of clerks, draftsmen, and attendants in offices of officers whose pay is charged to this account.

OFFICE AND OTHER EXPENSES.—The rent of offices, the cost of telephone and telegraph service; postage, heat, light, power, water, ice, furniture, and other supplies for, and the care of, offices of officers whose pay is charged to this account; incidental office and traveling expenses of such officers and their clerks; cost of provisions for, and expenses of, special boats, when used by them; premiums on fidelity bonds of such officers and their employees, when assumed by the company; expenses of photographing buildings and structures, except for advertising purposes; the cost of drafting and engineering instruments and expenses of repairing them, and the cost of supplies (except stationery and printing) used by officers and employees whose pay is charged to this account.

NOTE A.—When officers above enumerated have supervision over other departments also, their pay and expenses and the pay and expenses of their clerks and attendants should be apportioned equitably among the departments over which they have supervision.

NOTE B.—When employees enumerated above are engaged in work not chargeable to Maintenance of Terminals, their pay and expenses should be charged to the specific work on which they are engaged.

NOTE C.—The rents included in the "Superintendence" accounts are those of offices of minor importance, which are usually rented for a year or less. The rents of general offices and other structures of major importance, which, when not owned by carriers, are ordinarily leased for a period of years, should be included in the Income Account.

WE 13. DOCKS, WHARVES, BUILDINGS, AND FIXTURES.

This account should include all expenses incident to repairing and renewing docks, wharves, buildings, and fixtures, used in the operations of a carrier, and maintaining grounds and approaches connected therewith, as follows:

DOCKS AND WHARVES.—The cost of material used (less salvage) and labor expended in repairing and renewing docks, wharves, piers, and other landings; pontoons, slips, sea walls, bulkheads, jetties, dry docks, and inclines thereto, including filling, strengthening, bracing, and painting; the expenses of operating pile drivers, tugs, barges, and floats, including the wages of crews and the cost of all tools and supplies used while engaged on such work; the cost of crib work, racks, and caissons, constructed for preserving the depth of water secured by dredging; the cost of filling and dredging; the cost of guard and other piling for protection from damage by drift or ice, cutting ice around docks and wharves to prevent damage, protection against fire, and other expenses of like nature.

BUILDINGS.—The cost of material used (less salvage) and labor expended in repairing and renewing buildings and platforms, overhead footbridges not public highways, inclines to buildings, canopies or sheds not adjoining the buildings but used as parts thereof, and similar buildings and structures located upon wharves

and piers; the cost of removing old buildings and of removing snow from the roofs of buildings, protection against fire, and like expenses.

FIXTURES AND MACHINERY.—The cost of repairing and renewing fixtures (less salvage), such as bunks, counters, railings, shelving, washbowls, and water coolers, etc., when built in as parts of structures; the cost of material used (less salvage) and labor expended in repairing and renewing machinery and structures used in connection with buildings, such as air compressors, ash buckets, ash hoists, coal buckets, cranes, derricks, and other like appliances.

NOTE.—This account may include for each month a proportion of the total amount authorized or approximated for general and extraordinary repairs, the necessary adjustments to be made to include in each year's accounts the actual expenditures for maintenance in that year.

WE 14. INJURIES TO PERSONS.

This account should include all expenses (less any amount recovered through accident insurance) incident to injuries to persons occurring directly in connection with maintenance of terminals; a proportion of the pay and expenses of physicians and surgeons and of claim adjusters and their clerks; the expenses of nursing and hospital attendance; medical and surgical supplies; artificial limbs; funeral expenses; railway, boat, and carriage fares for conveying injured persons and attendants; donations or contributions to hospitals in which employees are cared for; the pay and expenses of employees and others while attending coroners' inquests, while engaged as witnesses in lawsuits in connection with personal injury cases, or when called in consultation in relation to the adjustment of claims coming under this head.

NOTE A.—Expenses not otherwise provided for in connection with the conduct of suits should be charged to account WE 51, "Law Expenses," but the amount of final judgments, including plaintiffs' court costs, should be charged to this account.

NOTE B.—If contributions are made to hospitals, the total thereof should be distributed among the "Injuries to Persons" accounts as follows: 25 per cent to Maintenance of Equipment, 25 per cent to Maintenance of Terminals, and 50 per cent to Transportation Expenses.

NOTE C.—The pay and expenses of claim adjusters, clerks, and others that can not be actually allocated to particular cases should be apportioned equally to the expenses of the claims on which they are engaged.

WE 15. STATIONERY AND PRINTING.

This account should include the cost of stationery, stationery supplies, printing, books, and blank forms used in connection with the maintenance of terminals.

NOTE.—The cost of dictionaries, periodicals, technical books, etc., should be charged to account WE 12, "Superintendence."

WE 16. OTHER MAINTENANCE OF TERMINALS EXPENSES.

This account should include all expenses incident to the maintenance of terminals not properly chargeable to other accounts under Maintenance of Terminals.

EXPLANATORY NOTE.—CLEARING ACCOUNT “REPAIR SHOP EXPENSES.”—Expenses at repair shops, such as for heating, lighting, power, water, watchmen, and incidentals that can not be charged directly to work done, should be charged to a clearing account called “Repair Shop Expenses.” Such shop expenses should be periodically apportioned upon the basis of the direct charges for labor to the various accounts. Carriers are permitted to make monthly apportionments on the basis of an equitable percentage rate, provided the adjustments necessary to close this account are made at the end of the year.

II. TRAFFIC EXPENSES.

WE 17. SUPERINTENDENCE.

This account should include:

PAY OF OFFICERS.—The pay of vice-presidents or other officers directly in charge of the traffic department and of other officers engaged in securing and directing traffic and in the preparation and distribution of tariffs, classifications, rate and division sheets, etc.

PAY OF CLERKS AND ATTENDANTS.—The pay of clerks and attendants in offices of officers whose pay is charged to this account.

OFFICE AND OTHER EXPENSES.—The rent of offices, the cost of telephone and telegraph service; postage, heat, light, power, water, ice, furniture, and other supplies (except stationery and printing), such as atlases, directories, maps, and periodicals for, and the care of, offices of officers whose pay is charged to this account; incidental office and traveling expenses of such officers and their clerks; cost of provisions for, and expenses of, special boats, when used by them; premiums on fidelity bonds of such officers and their employees, when assumed by the company.

NOTE A.—The pay and expenses of officers and of their clerks and attendants engaged exclusively in soliciting traffic should be charged to account WE 18, “Outside Agencies.”

NOTE B.—When officers above enumerated have supervision over other departments also, their pay and expenses and the pay and expenses of their clerks and attendants should be apportioned equitably among the departments over which they have supervision.

NOTE C.—The rents included in the “Superintendence” accounts are those of offices of minor importance, which are usually rented for a year or less. The rents of general offices and other structures of major importance, which, when not owned by carriers, are ordinarily leased for a period of years, should be included in the Income Account.

WE 18. OUTSIDE AGENCIES.

This account should include:

The pay of officers and general, commercial, city, district, and other agents engaged exclusively in soliciting traffic; employees of their offices, traveling agents, and solicitors wherever located, including commissions for services rendered in connection with either freight or passenger business (except commissions paid to port or station agents in lieu of salary).

The cost of furniture, supplies (including stationery and printing), heat, light, ice, water, telephone and telegraph service, postage; office, traveling, and other expenses of such agencies.

WE 19. FAST FREIGHT LINES.

This account should include the expenses of fast freight or dispatch organizations.

WE 20. TRAFFIC ASSOCIATIONS.

This account should include the expenses of traffic associations, including membership fees in boards of trade and commercial and other like associations.

WE 21. ADVERTISING.

This account should include the pay and expenses of advertising agents; the cost of bill posting, etc.; the cost of printing, publishing, and distributing time-tables, folders, and notices for general distribution; printing advertising matter; advertising in newspapers and periodicals for the purpose of securing traffic; bulletin boards, cards, cases, display cards, dodgers, folders, handbills, maps, pamphlets, posters, racks, frames, photographs, views, and postage and express charges on advertising matter; donations to carnivals and other expenses for attracting traffic.

WE 22. STATIONERY AND PRINTING.

This account should include the cost of all stationery, stationery supplies, printing, books, and blank forms used in connection with traffic expenses (except for outside agencies); the cost of printing freight and passenger tariffs, classifications, and rate and division sheets.

NOTE.—The cost of dictionaries, periodicals, technical books, etc., should be charged to account WE 17, "Superintendence."

WE 23. OTHER TRAFFIC EXPENSES.

This account should include all expenses in connection with securing and directing traffic not properly chargeable to other accounts under Traffic Expenses.

III. TRANSPORTATION EXPENSES.

A. OPERATION OF VESSELS.

WE 24. SUPERINTENDENCE.

This account should include:

PAY OF OFFICERS.—The pay of vice-presidents and other officers in charge of or engaged in the operation of vessels.

PAY OF CLERKS AND ATTENDANTS.—The pay of clerks and attendants in offices of officers whose pay is charged to this account.

OFFICE AND OTHER EXPENSES.—The rent of offices, the cost of telephone and telegraph service; postage, heat, light, power, water, ice, furniture, and other supplies (except stationery and printing), such as atlases, directories, maps, and periodicals for, and the care of, offices of officers whose pay is charged to this account; incidental office and traveling expenses of such officers and their clerks; cost of provisions for, and expenses of, special boats, when used by them; premiums on fidelity bonds of such officers and their employees, when assumed by the company.

NOTE A.—When officers above enumerated have supervision over other departments also, their pay and expenses and the pay and expenses of their clerks and attendants should be apportioned equitably among the departments over which they have supervision.

NOTE B.—The rents included in the "Superintendence" accounts are those of offices of minor importance, which are usually rented for a year or less. The rents of general offices and other structures of major importance, which, when not owned by carriers, are ordinarily leased for a period of years, should be included in the Income Account.

WE 25. WAGES OF CREWS.

This account should include:

DECK DEPARTMENT.—The pay of captains, pilots, chief officers, mates, sailors, wireless telegraph operators, and all other employees of the deck department.

ENGINEERS' DEPARTMENT.—The pay of chief engineers, assistant engineers, electricians, oilers, firemen, coal passers, and all other employees of the engineers' department.

STEWARDS' DEPARTMENT.—The pay of pursers, stewards, stewardesses, cooks, pantrymen, waiters, porters, and all other employees of the stewards' department.

NOTE A.—When bar attendants are employed, and it is necessary or desirable to segregate bar expenses, the pay of bar attendants may be stated in a subaccount under "Stewards' Department."

NOTE B.—When vessels are laid up for repairs or betterments, and the crews are retained, the pay of crews should be charged to the appropriate repairs or betterments accounts, as the case may be. When vessels are laid up on account of the requirements of the service and not undergoing repairs or bet-

terminals, the pay of the crews should be charged to account WE 32, "Lay-up Expenses."

NOTE C.—This account refers to expenses of vessels while in line service. While they are used in operation of terminals, or by officers, the expenses of operation should be charged to appropriate accounts.

WE 26. FUEL.

This account should include the cost on board vessels (including trimming) of coal, oil, wood, and other fuel used for generating power, heat, or light.

NOTE A.—This account refers to expenses of vessels while in line service. While they are used in operation of terminals, or by officers, the expenses of operation should be charged to appropriate accounts.

NOTE B.—Fuel used for cooking should be charged to account WE 30, "Other Supplies and Department Expenses."

WE 27. LUBRICATION.

This account should include the cost on board vessels of all oil, grease, tallow, graphite, and other material furnished for lubricating purposes.

NOTE.—This account refers to expenses of vessels while in line service. While they are used in operation of terminals, or by officers, the expenses of operation should be charged to appropriate accounts.

WE 28. STATIONERY AND PRINTING.

This account should include the cost of stationery, stationery supplies, printing, books, and blank forms used in connection with the operation of vessels.

NOTE A.—This account refers to expenses of vessels while in line service. While they are used in operation of terminals, or by officers, the expenses of operation should be charged to appropriate accounts.

NOTE B.—The cost of dictionaries, periodicals, technical books, etc., should be charged to account WE 24, "Superintendence."

WE 29. FOOD SUPPLIES.

This account should include the cost on board vessels of all food supplies furnished to the stewards' department.

NOTE.—This account refers to expenses of vessels while in line service. While they are used in operation of terminals, or by officers, the expenses of operation should be charged to appropriate accounts.

WE 30. OTHER SUPPLIES AND DEPARTMENT EXPENSES.

This account should include:

DECK DEPARTMENT.—The cost of all supplies furnished to the deck department, and the incidental expenses of employees whose wages are charged to the deck department.

ENGINEERS' DEPARTMENT.—The cost of all supplies, other than fuel and lubricants, furnished to the engineers' department; water furnished to ships, and the incidental expenses of employees whose wages are charged to the engineers' department.

STEWARDS' DEPARTMENT.—The cost of all supplies, other than food and bar, furnished to the stewards' department; laundry for ships, and the incidental expenses of employees whose wages are charged to the stewards' department.

NOTE.—This account refers to expenses of vessels while in line service. While they are used in operation of terminals, or by officers, the expenses of operation should be charged to appropriate accounts.

WE 31. BAR SUPPLIES.

This account should include the cost of all wines, liquors, beers, ales, mineral waters, cigars, cigarettes, tobacco, and other bar supplies.

NOTE A.—This account refers to expenses of vessels while in line service. While they are used in operation of terminals, or by officers, the expenses of operation should be charged to appropriate accounts.

NOTE B.—When bar attendants are employed, and it is necessary or desirable to segregate bar expenses, the pay of bar attendants may be stated in a subaccount under "Stewards' Department" of account WE 25, "Wages of Crews."

WE 32. LAY-UP EXPENSES.

This account should include the pay of crews and all other transportation expenses incurred on account of floating equipment when laid up, and not undergoing repairs or betterments.

NOTE A.—This account refers to expenses of vessels while in line service. While they are used in operation of terminals, or by officers, the expenses of operation should be charged to appropriate accounts.

NOTE B.—When floating equipment is laid up and undergoing repairs or betterments, the pay of crews and other incidental expenses should be charged to the appropriate repairs or betterments accounts.

WE 33. OTHER OPERATION OF VESSELS EXPENSES.

This account should include all expenses incident to the operation of vessels, but not properly chargeable to other accounts under "Operation of Vessels," such as ballast and payments for the towage of ships into harbors.

B. OPERATION OF TERMINALS.

WE 34. SUPERINTENDENCE.

This account should include:

PAY OF OFFICERS.—The pay of vice-presidents and other officers in charge of or engaged in the operation of terminals.

PAY OF CLERKS AND ATTENDANTS.—The pay of clerks and attendants in offices of officers whose pay is charged to this account.

OFFICE AND OTHER EXPENSES.—The rent of offices, the cost of telephone and telegraph service; postage, heat, light, power, water, ice, furniture, and other supplies (except stationery and printing),

such as atlases, directories, maps, and periodicals for, and the care of, offices of officers whose pay is charged to this account; incidental office and traveling expenses of such officers and their clerks; cost of provisions for, and expenses of, special boats, when used by them; premiums on fidelity bonds of such officers and their employees, when assumed by the company.

NOTE A.—When officers above enumerated have supervision over other departments also, their pay and expenses and the pay and expenses of their clerks and attendants should be apportioned equitably among the departments over which they have supervision.

NOTE B.—The rents included in the "Superintendence" accounts are those of offices of minor importance, which are usually rented for a year or less. The rents of general offices and other structures of major importance, which, when not owned by carriers, are ordinarily leased for a period of years, should be included in the Income Account.

WE 35. SALARIES OF AGENTS, CLERKS, AND ATTENDANTS.

This account should include the pay of port or station agents, office and wharf clerks, and attendants, as follows:

- (a) Agents and office employees.
- (b) Wharf employees except stevedores and other laborers provided for in account WE 38, "Stevedore and Wharf Labor."

WE 36. AGENCY OFFICE EXPENSES.

This account should include the expenses of telephone and telegraph service; postage, heat, light, power, water, ice, furniture, and other supplies (except stationery and printing), such as atlases, directories, maps, and periodicals, for offices of agents and others whose pay is charged to account WE 35, "Salaries of Agents, Clerks, and Attendants;" incidental office and traveling expenses of such agents and their clerks; premiums on fidelity bonds of such agents and their employees, when assumed by the company.

WE 37. STATIONERY AND PRINTING.

This account should include the cost of all stationery, stationery supplies, printing, books, and blank forms used in connection with the operation of terminals, including waybills, tickets, etc.

NOTE.—The cost of dictionaries, periodicals, technical books, etc., should be charged to account WE 34, "Superintendence."

WE 38. STEVEDORE AND WHARF LABOR.

This account should include:

- (a) The pay of stevedores, foremen, and longshoremen engaged directly in the loading and unloading of vessels, and all payments for labor in connection with the handling, trimming, and stowing of cargoes in vessels, including payments to individuals and companies engaged to handle cargoes by contract.

(b) The pay of laborers on wharves when engaged in piling, tiering, and handling freight, except in the actual loading and unloading of vessels; also in loading and unloading baggage.

WE 39. TUGS AND LIGHTERS—OPERATION.

This account should include all expenses in connection with the operation of tugs, lighters, and other floating equipment employed in terminal operations, including superintendence, wages, fuel, water, lubricants, food supplies, wharfage, and labor engaged in handling lightered cargoes, except directly to or from ships.

WE 40. SWITCHING, LIGHTERAGE, AND OTHER TRANSFERS.

This account should include all payments made to other individuals or companies for lightering, switching, or transferring freight, teaming, cost of operating team transfers owned by the carrier, and other expenses in connection with the transfer of freight not provided for in account WE 39, "Tugs and Lighters—Operation," or in account WR 1, "Freight Revenue."

WE 41. LIGHT, HEAT, POWER, AND WATER.

This account should include a pro rata proportion of expenses of light, heat, power, and water used in the operation of terminals (except in agents' or superintendents' offices), whether purchased or produced by the company. When a carrier operates its own plants for the production of light, heat, power, or water, the total cost of such operation may be charged to a clearing account and apportioned, on an equitable basis, to the various accounts provided in the classification.

NOTE.—The charges to this account may be distributed among the several subaccounts suggested by the title.

WE 42. WHARF SUPPLIES AND EXPENSES.

This account should include supplies used by and expenses of wharf employees, such as meals furnished wharf employees, advertising for wharf employees; cost or rent of equipment for watchmen, firemen, and police; uniforms for wharf employees; supplies for coopering, marking, and tagging freight; car standards, binders, etc., and expenses, not chargeable as repair and renewal items, incident to keeping wharves in proper condition.

WE 43. OTHER OPERATION OF TERMINALS EXPENSES.

This account should include all expenses incident to the operation of terminals not properly chargeable to other accounts under "Operation of Terminals," including harbor masters' fees, quarantine expenses, and customhouse and other port charges.

C. INCIDENTAL TRANSPORTATION EXPENSES.

WE 44. LOSS AND DAMAGE—FREIGHT.

This account should include all amounts, not recoverable through insurance, paid for loss, damage, delays, or destruction of freight (including company's material); uncollectible freight charges paid other carriers on lost, misrouted, damaged, or refused shipments; the cost of repacking and boxing damaged merchandise and other property; the pay and expenses of employees or others engaged as adjusters and in detecting thieves; and the pay and expenses of employees or others while engaged as witnesses in lawsuits in connection with loss and damage cases.

To this account should be credited insurance recovered and net amounts received from the sale of unclaimed and damaged freight.

NOTE A.—Expenses, not otherwise provided for, in connection with the conduct of suits should be charged to account WE 51, "Law Expenses," but the amount of the final judgments, including plaintiffs' court costs, should be charged to this account.

NOTE B.—The pay and expenses of claim adjusters, clerks, and others, that can not be actually allocated to particular cases, should be apportioned equally to the expenses of the claims on which they are engaged.

WE 45. LOSS AND DAMAGE—BAGGAGE.

This account should include all amounts, not recoverable through insurance, paid for loss, damage, delays, or destruction of baggage and other personal property; services and expenses of employees or others while engaged as adjusters and while engaged as witnesses in lawsuits in connection with cases involving loss or damage to baggage.

To this account should be credited insurance recovered and net amounts received from the sale of unclaimed and damaged baggage.

NOTE A.—Expenses, not otherwise provided for, in connection with the conduct of suits should be charged to account WE 51, "Law Expenses," but the amount of the final judgments, including plaintiffs' court costs, should be charged to this account.

NOTE B.—The pay and expenses of claim adjusters, clerks, and others, that can not be actually allocated to particular cases, should be apportioned equally to the expenses of the claims on which they are engaged.

WE 46. DAMAGE TO PROPERTY.

This account should include all amounts, not recoverable through insurance, paid for damages to or destruction of property owned by other individuals or companies and not in the carrier's service (except freight and baggage entrusted to the carrier for transportation); also pay and expenses of employees or others while engaged as adjusters and while engaged as witnesses in lawsuits arising out of damage to property.

NOTE A.—Expenses, not otherwise provided for, in connection with the conduct of suits should be charged to account WE 51, "Law Expenses," but the amount of final judgments, including plaintiffs' court costs, should be charged to this account.

NOTE B.—The pay and expenses of claim adjusters, clerks, and others, that can not be actually allocated to particular cases, should be apportioned equally to the expenses of the claims on which they are engaged.

WE 47. INJURIES TO PERSONS.

This account should include all expenses (less any amount recovered through accident insurance) incident to injuries to persons occurring directly in connection with transportation; a proportion of the pay and expenses of physicians and surgeons and of claim adjusters and their clerks; expenses of nursing and hospital attendance; medical and surgical supplies; artificial limbs; funeral expenses; railway, boat, and carriage fares for conveying injured persons and attendants; donations or contributions to hospitals in which employees are cared for; the pay and expenses of employees and others while attending coroners' inquests, while engaged as witnesses in lawsuits in connection with personal injury cases, or when called in consultation in relation to the adjustment of claims coming under this head.

NOTE A.—Expenses, not otherwise provided for, in connection with the conduct of suits should be charged to account WE 51, "Law Expenses," but the amount of final judgments, including plaintiffs' court costs, should be charged to this account.

NOTE B.—If contributions are made to hospitals, the total thereof should be distributed among the "Injuries to Persons" accounts as follows: 25 per cent to Maintenance of Equipment, 25 per cent to Maintenance of Terminals, and 50 per cent to Transportation Expenses.

NOTE C.—The pay and expenses of claim adjusters, clerks, and others that can not be actually allocated to particular cases should be apportioned equally to the expenses of the claims on which they are engaged.

IV. GENERAL EXPENSES.**WE 48. SALARIES AND EXPENSES OF GENERAL OFFICERS.**

This account should include:

SALARIES.—The pay of chairman of board, president, vice-president, secretary, treasurer, comptroller, auditor, freight claim agent, purchasing agent, and all assistants or subordinate officials of the above heads of departments, and all other officials whose duties are of such a general character that they can not be specifically charged to "Superintendence" under Maintenance, Traffic Expenses, Transportation Expenses, or to account WE 51, "Law Expenses;" salaries and fees of receivers.

EXPENSES.—Traveling and other expenses of officers named above, cost of provisions for, and expenses of, special boats when used by them; membership fees of general officers in transportation and other associations.

NOTE.—When officers above enumerated have supervision over several departments, their salaries and expenses should, when possible, be apportioned equitably among the departments over which they have supervision.

WE 49. SALARIES AND EXPENSES OF CLERKS AND ATTENDANTS.

This account should include:

SALARIES.—The pay of clerks and attendants in offices of the general officers specified in account WE 48, "Salaries and Expenses of General Officers."

EXPENSES.—Traveling and other expenses of employees named above.

NOTE.—When general officers have supervision over several departments, the salaries and expenses of their clerks and attendants should, when possible, be apportioned among the departments over which they have jurisdiction.

WE 50. GENERAL OFFICE SUPPLIES AND EXPENSES.

This account should include the rent of offices (except general offices), the cost of telephone and telegraph service; postage, heat, light, power, water, ice, furniture, and other supplies (except stationery and printing), such as atlases, directories, maps, and periodicals for, and the care of, offices of officers whose pay is charged to this account; premiums on fidelity bonds of such officers and their employees, when assumed by the company.

NOTE.—The rents included above are those of offices of minor importance, which are usually rented for a year or less. The rent of general offices and other structures of major importance, which, when not owned by carriers, are ordinarily leased for a period of years, should be included in the Income Account.

WE 51. LAW EXPENSES.

This account should include:

The pay of officers directly in charge of the law department; of all counsel, solicitors, attorneys, their clerks and attendants; fees and retainers for services of all attorneys not regular employees of a carrier.

All office and traveling expenses of officers specified above and of their clerks; cost of law books, printing briefs, legal forms, testimony, reports, etc.

Cost of suits and payments of special fees, notarial and witness fees not provided for under "Injuries to Persons," "Loss and Damage," "Damage to Property," or other accounts; fees paid arbitrators for settlement of disputed questions, and all law and court expenses not provided for elsewhere.

WE 52. INSURANCE.

This account should include all premiums (except reinsurance premiums) paid by a carrier to individuals or companies, amounts paid to an insurance fund or credited to reserves, for insuring the

property of a carrier, or that intrusted to it for transportation or storage, against loss or damage by fire or other casualty, and for insuring a carrier against loss by reason of liability for injuries to persons, occurring through accident or otherwise.

NOTE A.—When it is found desirable to accrue insurance expenses, this account should be charged monthly with a proper proportion of the annual payments for insurance purposes.

NOTE B.—The premiums paid by a carrier to its insurance fund should be credited on its books to an "Insurance Reserve" account, to which the amount of all claims for damages to the property covered by such insurance should be charged. To that account should be charged all reinsurance premiums paid insurance companies, and to it should be credited all amounts recovered from insurance companies for damage to property reinsured by them.

WE 53. PENSION AND RELIEF DEPARTMENT EXPENSES.

This account should include all pensions or gratuities paid to retired employees, and all pension and relief department expenses.

WE 54. STATIONERY AND PRINTING.

This account should include the cost of all stationery, stationery supplies, passes, printing, books, and blank forms used in connection with general offices, including contracts, leases, bonds, stock certificates, and all stationery and printing of the law department, except cost of printing briefs, legal forms, testimony, reports, etc.

NOTE.—The cost of dictionaries, periodicals, technical books, except law books, etc., should be charged to account WE 50, "General Office Supplies and Expenses."

WE 55. OTHER GENERAL EXPENSES.

This account should include all expenses of a general nature not properly chargeable to other accounts under General Expenses, such as the cost of publishing notices of stockholders' meetings, of elections of directors, of annual reports in newspapers, of dividends declared, and of other corporate and financial notices of a general character; fees and expenses paid to directors; contributions on account of catastrophes or epidemics; donations to local fire departments; the cost of exchange on checks or drafts, etc.

V. CHARTER EXPENSES.

WE 56. CHARTERS INVOLVING RENT EXCLUSIVELY.

This account should include all amounts paid by a carrier for the hire or rent of vessels or other floating equipment when, under the conditions of the charters, the payments are solely for the rent of the equipment.

NOTE.—When charters include both rent and the expense of maintenance, or rent and the expense of maintenance and operation, the rental portion, when separable, should also be included in this account.

WE 57. CHARTERS INVOLVING RENT AND MAINTENANCE.

This account should include all amounts paid by a carrier for the hire or rent of vessels or other floating equipment when, under the conditions of the charters, the payments are for the rent and maintenance of the equipment.

NOTE.—This account is to be used when the expenses of maintenance are not separable from the rents; when they are separable, the rental portion only should be included in account WE 56, "Charters Involving Rent Exclusively," and the appropriate accounts should be charged with the cost of maintenance.

WE 58. CHARTERS INVOLVING RENT, MAINTENANCE, AND OPERATION.

This account should include all amounts paid by a carrier for the hire or rent of vessels or other floating equipment when, under the conditions of the charters, the payments are for the rent, maintenance, and operation of the equipment.

NOTE.—This account is to be used when the expenses of maintenance and operation are not separable from the rents; when they are separable, the rental portion only should be included in account WE 56, "Charters Involving Rent Exclusively," and the appropriate accounts should be charged with the cost of maintenance and operation.

